



New England Gas Company

January 17, 2006

Mary L. Cottrell, Secretary
Department of Telecommunications & Energy
One South Station, 2nd Floor
Boston, MA 02110

Re: Order Opening Investigation Into Standards for Arrearage Management Programs for Low-Income Customers, and Compliance with Heating Energy Assistance and Tax Relief, St. 2005, c. 140; D.T.E. 05-86-F

Dear Ms. Cottrell:

On December 1, 2005, the Department of Telecommunications and Energy ("Department") issued an Order Opening Investigation Into Standards for Arrearage Management Programs for Low-Income Customers, D.T.E. 05-86 ("Order"). The Order is in compliance with Section 17 of St. 2005, c. 140, An Act Relative to Heating Energy Assistance and Tax Relief (the "HEAT" Act). The Department issued the Order to initiate a generic proceeding to develop standards for arrearage management programs ("AMPs") for low-income customers of jurisdictional electric and gas distribution companies organized pursuant to G.L. c. 164, and required each distribution company to file an AMP with the Department by December 30, 2005. New England Gas Company ("NEGC" or "Company") made its filing with the Department on December 30, 2005, and attended the Department's public hearing in the D.T.E. 05-86 proceeding on January 6, 2006. Additionally, the Order calls for written comments from interested persons. Please accept this letter as a supplement to the Company's December 30th filing and as comments on behalf of the Company.

First, the Company wishes to address several housekeeping matters. The Company acknowledges that it is aware of and will comply with § 17(b) of the HEAT Act, which requires that companies initially offer a low-income customer with an arrearage a payment plan of not less than four months including the initial down payment of 25 percent of the balance owed. Next, NEGC wishes to clarify its statement relative to "Qualified Customers" on page 3 of its filing. It is the Company's intention that a qualified customer would be any low-income residential heating customer who has a minimum of \$300 arrears on their gas bill and is more than 60 days overdue on their payments. Lastly, at the January 6th public hearing, a question was raised by the Low-Income Energy Affordability Network ("LEAN") relative to the Company's pre-printed special protections forms (Tr. at 27-28). The Company is already aware of the issues raised by LEAN, has discussed these with representatives of the Department in a different forum, and will work to correct these forms in the Company's next annual production. As indicated to LEAN following the hearing, the Company welcomes suggestions from and will work with LEAN prior to going to print on these forms.

Second, the Company has been in contact with LEAN relative to NEGC's proposed HEAT Credit Program ("Program"). It is the Company's contention that the proposal put before the Department for consideration is in compliance with the HEAT Act, and to that end NEGC does not propose any substantive changes at this time. However, the Company wishes to stress that in order for the Program to be successful, the Company will rely on those agencies providing weatherization and fuel assistance in its Massachusetts service areas as the main point of contact for administering the Program. Further, as the administering agencies are the initial point of contact for many of NEGC's eligible customers and are also more closely attuned to other opportunities for financial relief for these customers, the Company also believes that the input of the low-income agencies is essential in developing well-reasoned evaluation criterion for the Program. To this end, the Company looks forward to further discussions with LEAN and its member agencies as it further develops the role that the agencies will share in both the administration and the evaluation of the Program.

Lastly, to reiterate the comments made by the Company in its filing, the Company's ability to offer the Program to all qualified customers is greatly dependant on Department approval to seek recovery of any lost revenues associated with the Program. The Department's recent order in Discount Rates, D.T.E. 01-106-C/D.T.E. 05-55/D.T.E. 05-56 allows each distribution company's Residential Assistance Adjustment Factor ("RAAF"), on or after July 1, 2005, to recover any amount of low-income discount (whether customers are enrolled on a low-income discount rate through traditional outreach or the Department's computer match program) in excess of a baseline amount calculated consistent with the Company's Residential Assistance Adjustment Clause tariffs (M.D.T.E. No. 103). The Company anticipates including lost revenues associated with the HEAT Credit Program in its 2006 RAAF reconciliation filing, consistent with this policy, and looks forward to Department approval of this methodology.

Thank you for the opportunity to provide these comments as a supplement to the Company's December 30, 2005 filing. Please contact me at 401-574-2212 if you have any questions regarding these comments.

Very truly yours,



Kevin F. Penders, Esq.

Manager, Regulatory Relations

cc: Andrew O. Kaplan, General Counsel, MADTE
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Joseph Rogers, Office of the Attorney General
Elizabeth Berube, Citizens for Citizens, Inc.
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